GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:4990
ANSWERED ON:10.05.2007
SUPPLY OF KEROSENE
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government commissioned the National Council for Applied Economic Research to undertake the scientific study to assess the demand for kerosene of different segments of the society and at different price availability in the year 2005 ;

(b) if so, whether the said study has been completed and report submitted;

(c) if so, the details thereof;

(d) whether to curb adulteration, underweight and diversion of kerosene oil from PDS, Government propose to launch poly pack of kerosene in the rural areas of the country ;

(e) if so, the details thereof and if not, the reasons therefor; and

(f) the other steps taken or being taken by Government to ensure supply and distribution or unadulterated kerosene oil to the needy consumers in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) to (c): With a view to assessing the genuine demand requirement of kerosene in different States/UTs, the Government commissioned in December 2004 a study through the National Council for Applied Economic Research (NCAER). NCAER in its report, submitted in October 2005, has estimated the total leakage/diversion of kerosene meant for distribution under Public Distribution System (PDS) as 38.6% of total sale of PDS kerosene in 2004. A copy of the recommendations made by the NCAER at Annex.

(d) to (f): It is planned to introduce sale of kerosene in small packs on trial basis initially, to assess the acceptability of product in small packs by customers. It is envisaged that kerosene would be made available in small packs of 1 litre to customers who are not covered under the Public Distribution System (PDS).

Kerosene is not adulterated. However, the possibility of diversion of PDS Kerosene by some unscrupulous elements cannot be ruled out due to huge price difference between PDS Kerosene and petrol/diesel and the easy miscibility of these products with petrol/diesel. Checking diversion of PDS Kerosene is a continuous process and the Ministry of Petroleum & Natural Gas has been reviewing steps taken to curb adulteration from time to time. With a view to distribute the subsidized PDS kerosene to the targeted beneficiaries, the Government has taken the following steps :

(i) In order to check the black marketing of Public Distribution System (PDS) kerosene, the Central Government have made provisions in the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955, that dealers cannot sell PDS kerosene at a price higher than the price fixed by the Government or OMCs and that the PDS kerosene dealers should prominently display stock-cum-price board at the place of business including the place of store at a conspicuous place.

(ii) Government have also approved a pilot project for radically revamping the PDS kerosene distribution network with the primary objective of ensuring that this heavily subsidized product is actually made available in the required quantities at subsidized price to the intended beneficiaries; and secondly, to thus cap, reverse and eventually eliminate the diversion of PDS kerosene for adulteration. One of the salient features of this scheme is that supplies to the sub-wholesale points will be made under the direct supervision and responsibility of the public sector OMCs. The scheme has been launched on a pilot basis in 414 blocks in the country from 2nd October, 2005. The pilot scheme has been further extended upto 30.06.2007.

(iii) With a view to checking diversion of subsidized kerosene and in order to monitor the movement of Tank Trucks transporting petroleum products, the Government have advised the public sector OMCs for installing Global Positioning System (GPS) based vehicle tracking system on all the tank trucks. The essential features of the system is that the vehicle carrying PDS SKO is fitted with a device and can be tracked on real time basis from the time it leaves the supply location and till it reaches the destination.

(iv) To check adulteration in auto fuels, and also to check diversion of subsidized kerosene, Government have also advised OMCs to

introduce marker in adulterants. Public sector OMCs have commenced introduction of marker in kerosene on all India basis with effect from 1.10.2006. Under the new system, Marker is being put in kerosene in all depots. This system heralds the introduction of world-class technology to curb and eventually eliminate the menace of adulteration of transportation fuels along the supply chain. With the marker`s presence, adulteration even with very low levels of kerosene can be detected. MS/HSD Control Order, 2005, SKO Control Order, 1993 and MDG 2005 have been amended for making provision regarding introduction of marker system in Kerosene to check adulteration. A committee has been set up in the Ministry to monitor the progress of the marker system. Oil Marketing Companies in the Private sector have also been simultaneously asked to introduce marker in Kerosene as is being done by Public Sector OMCs.